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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1956

No. 310

FOURCO GLASS COMPANY, *Petitioner*

v.

TRANSMIRRA PRODUCTS CORP. AND ROBERT ARONSTEIN, *Respondents*

**On Writ of Certiorari to the United States Court of Appeals for the Second Circuit**

## BRIEF FOR THE PETITIONER

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## BRIEF FOR THE PETITIONER

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### CITATIONS TO OPINIONS BELOW

The opinion of the District Court (R. 1) is reported at 133 F. Supp. 531 (S.D. N.Y. 1955). The opinion of the Circuit Court of Appeals (R. 5) is reported at 233 F. 2d 885 (2d Cir. 1956).

## JURISDICTION

The judgment of the Circuit Court of Appeals was entered on May 14, 1956 (R. 12).. A petition to this Court for a writ of certiorari was filed August 10, 1956, and was granted October 8, 1956 (R. 13). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

## QUESTION PRESENTED

Whether the 1948 revision of the Judicial Code (Act of June 25, 1948, c. 646, 62 Stat. 869-994) changes the law and enlarges the permissible venue for patent infringement actions against corporate, as distinguished from non-corporate, defendants to permit a patent suit against a corporation in a judicial district where the corporation has not infringed and is not incorporated, but where it is merely doing business.

## STATUTES INVOLVED

The statutory provisions directly involved are Sections 1391(c) and 1400(b) of Title 28 of the United States Code. These and Section 1694 are printed in Appendix A hereof, *infra,* page 38.

## STATEMENT

The action in this case is one for patent infringement initiated by respondents, Transmirra Products Corporation and Robert Aronstein, against petitioner, Fourco Glass Company, in the United States District Court for the Southern District of New York (R. 1). On March 23, 1955, petitioner filed a motion under Rule 12(b)(3) of the Federal Rules of Civil Procedure to dismiss for want of proper venue (R. 1, 4).

Venue in patent infringement cases is controlled by 28 U.S.C., § 1400(b), which specifies that any civil action for patent infringement may be brought in the judicial district:

(a) where the defendant resides, or

(b) where the defendant has committed acts of infringement *and* has a regular and established place of business.

Petitioner moved to dismiss for the reason that neither of the alternative prerequisites of Title 28, § 1400(b), above set forth, were satisfied (R. 1, 2). Specifically, petitioner's motion to dismiss was bottomed on the premises:

(a) that petitioner is a West Virginia corporation and, hence, does not, within the meaning of Title 28, § 1400(b), reside within the Southern District of New York, where the complaint was filed (R. 1); and

(b) that, although petitioner has a place of business in the Southern District of New York, it has not committed acts of infringement within such district, as required by the second alternative of Title 28, § 1400(b) (R. 1, 2).

On August 5, 1955, the District Court entered judgment granting petitioner's motion to dismiss for want of venue (R. 4). The District Court, in its opinion, recognized that petitioner was doing business within the Southern District of New York, but ruled that venue was improper for the reasons advanced by petitioner (R. 1, 2, 4).

Respondents appealed to the United States Court of Appeals for the Second Circuit from the judgment of the District Court dismissing the complaint for want of venue (R. 5).

The Court of Appeals entered judgment on May 14, 1956 (R. 12), reversing the District Court and finding that venue was proper on the ground that, although Section 1400(b) controls venue in patent infringement cases, it has incorporated therein the provision of the general venue section, § 1391(c), which specifies that a corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes (R. 6, 7).

## SUMMARY OF ARGUMENT

To avoid abuses resulting from the application of broad *general* venue provisions to patent infringement suits, Congress, in 1897, first enacted a *special* venue statute restricting venue in such suits either to the district in which the defendant was an *inhabitant* or to the district in which the defendant had committed acts of infringement *and* had a regular and established place of business.

This special venue statute was reenacted, including the commensurate provisions for service of process as Section 48, of the Act of 1911 and for fifty years was held to permit infringement suits against corporate defendants in a district other than that of incorporation only when the defendant had committed acts of infringement *and* had an established place of business in such other district. Section 48 was recodified as to venue as Section 1400(b) and as to process as Section 1694 of the Judicial Code of 1948.

This Court requires that recodified statutes be construed to perpetuate without change the prior law in the absence of a clear expression of a contrary legisla-

tive intent. *Anderson* v. *Pacific Coast Steamship Co.*, 225 U.S. 187, 325 S. Ct. 626 (1912); *DeSylva* v. *Ballentine*, 351 U.S. 570, 76 S. Ct. 974 (1956). It is self-evident from the legislative history of Section 1400(b) that there was no intent on the part of Congress to change in any way the venue requirements for patent infringement suits against corporate defendants. Indeed, it is manifestly clear that there was an affirmative intent to preserve without change in Section 1400(b) the requirements of the predecessor statute.

The construction of Section 1400(b) adopted by the Court below, pursuant to which the *general* corporate venue provisions of Section 1391(c) are *read into* the exception found in the *special* patent venue Section 1400(b), fundamentally changes and enlarges the venue in patent infringement litigation to permit suit against a corporate defendant in a judicial district where the defendant is *not* incorporated and has *not* infringed but is merely doing business. In practical effect, as to corporate litigants, such a construction (1) emasculates Section 1400(b), (2) violates the plain language of the recodified service of process Section 1694 and (3) constitutes a reversion to the very law which, because of abuses engendered thereby, Congress expunged in 1897 by enacting the first *special* patent venue statute.

In refusing to recognize the exception as to patent venue contained in Section 1400(b) by imposing on Section 1400(b) the broad venue provisions of Section 1391(c), the Court below ignored the fundamental rule of statutory construction that specific statutes prevail over general provisions which might otherwise be controlling, *MacEvoy Co.* v. *United States*, 322 U.S. 102, 107 (1922), which rule this Court applied in holding

the predecessor special patent venue statute, Section 48, to be "the exclusive provision controlling venue in patent infringement proceedings". *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561, 62 S. Ct. 780 (1942). Moreover, the wholly unwarranted construction of Section 1400(b) adopted by the Court below vitiates the underlying purpose of the time-tested special patent venue statute, violates the plain language of Section 1400(b), flies in the face of an obviously contrary legislative intent, and creates obvious incongruities in an otherwise congruous act—a result squarely contrary to the principle expressed by this Court in *Lawson* v. *Suwanee Fruit and Steamship Co.*, 336 U.S. 198, 69 S. Ct. 503 (1949).

## ARGUMENT

### I. TO RECTIFY ABUSES ENGENDERED BY THE APPLICATION OF GENERAL VENUE PROVISIONS TO PATENT LITIGATION, CONGRESS, IN 1897, FIRST ENACTED THE SPECIAL VENUE STATUTE FORECLOSING PATENT INFRINGEMENT SUITS AGAINST CORPORATE DEFENDANTS IN DISTRICTS WHERE THE DEFENDANT WAS NOT INCORPORATED AND HAD NOT INFRINGED BUT WAS MERELY DOING BUSINESS

Under the *general* venue provisions of the Act of March 3, 1875, c. 137, 18 Stat. 470, patent infringement suits, like other federal cases, were permitted wherever a defendant was "found".[1]

As this Court noted in *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561, 62 S. Ct. 780, 781, 86 L. Ed. 1026 (1942):

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[1] For a comprehensive review of the pre-1897 history of the law controlling venue in patent infringement suits, see *Bowers* v. *Atlantic G. & P. Co.*, 104 Fed. 887 (C.C. S.D. N.Y. 1900) and *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561, 62 S. Ct. 780 (1942).

"The abuses engendered by this extensive venue prompted the Act of March 3, 1887, c. 373, 24 Stat. 552, which, as amended by the Act of August 13, 1888, c. 866, 25 Stat. 433, . . ."

* * * * *

"After the holding of In re Hohorst, 150 U.S. 653, 14 S. Ct. 221, 225, 37 L. Ed. 1211, that the Act of 1887 as amended did not apply to a suit against an alien or a foreign corporation, 'especially in a suit for the infringement of a patent right,' the lower federal courts became uncertain as to the applicability of the Act of 1887 to patent infringement proceedings. In explanation of Hohorst's case, it was said in In re Keasbey & Mattison Co., 160 U.S. 221, 230, 16 S. Ct. 273, 275, 40 L. Ed. 402, that 'It was a suit for infringement of a patent right, exclusive jurisdiction of which had been granted to the circuit courts of the United States . . . and was therefore not affected by general provisions regulating the jurisdiction of the courts of the United States, concurrent with that of the several states.' Thereafter the lower federal courts for the most part took the position that the Act of 1887 as amended did not apply to suits for patent infringement and that infringers could be sued wherever they could be found."

The *special* venue provisions for patent cases, now embodied in Section 1400(b), originated with the Act of March 3, 1897, c. 395, 29 Stat. 695, which was adopted by Congress to clarify venue as to patent infringement actions and to insure that the abusive broad venue provisions of the Act of 1875 would not be applied in patent cases. *Bowers* v. *Atlantic G. & P. Co.*, 104 Fed. 887, 890, 891 (C.C. S.D. N.Y. 1900); *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561, 563-565, 62 S. Ct. 780 (1942). The Act of 1897 provided:

The distinguished team of revisers[5] of the Judicial Code made every effort to minimize the changes in existing law and to make certain, particularly through the medium of the Reviser's Notes, that everyone concerned with the revision would know at all times exactly what changes were made.[6]

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appear on "superficial examination" '. *United States* v. *American Trucking Assns.*, 310 U.S. 534, 543-44."

In *United States* v. *American Trucking Assns, supra,* the Court said:

> "There is, of course, no more persuasive evidence of the purpose of a statute than the words by which the legislature undertook to give expression to its wishes. Often these words are sufficient in and of themselves to determine the purpose of the legislation. In such cases we have followed their plain meaning. When that meaning had led to absurd or futile results, however, this Court has looked beyond the words to the purpose of the act. Frequently, however, even when the plain meaning did not produce absurd results but merely an unreasonable one '*plainly at variance with the policy of the legislation as a whole*' this Court has followed that purpose, rather than the literal words. When aid to construction of the meaning of words, as used in the statute, is available, there certainly can be no 'rule of law' which forbids its use, however clear the words may appear on 'superficial examination'. . . . " (Emphasis added)

[5] The editorial staff of West Publishing Co. and Edward Thompson Publishing Co.; William W. Barron, Chief Reviser; Frank J. Parker, Asst. U.S. Attorney, E.D. N.Y.; and Special Consultants James W. Moore, Prof. of Law, Yale Univ. and Hon. Alexander Holtzoff, Judge D.C. D.C.

[6] Mr. William W. Barron, Chief Reviser of Title 28, in his article on "The Judicial Code, 1948 Revision", reprinted at 8 F.R.D. 439, 441, 445 (1949), said:

> "There was no purpose on the part of the Revision staff to effect any change in existing law. Despite this, the process of comprehensively examining and rewriting the Code disclosed some grave disparities, inconsistencies and ambiguities not correctable by mere codification. This was due, in part to

This Court has said that "The reviser's notes are so obviously authoritative in perceiving the meaning of the code . . .". *United States* v. *National City Lines*, 337 U.S. 78, 81, 69 S. Ct. 995 (1949).

**1. The Revisers' Notes Reflect Clear Congressional Intent That the Term "Resides" in Section 1400(b), as Applied to Corporate Defendants, Shall Be Construed to Embrace Only the State of Incorporation of Corporate Litigants**

The reviser's notes are silent with reference to any changes in the patent venue law, with the exception of changes in phraseology which are frankly acknowl-

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forty years of piecemeal amendment to the 1911 Judicial Code. Some such problems had manifested themselves in difficult and not wholly satisfactory judicial interpretations. The reviser and the Advisory Committee, upon discovering situations which would not yield to codification, felt in duty bound to apprise Congress of their findings and recommendations. Consequently, a few such changes, substantive in nature, were recommended to Congress. *These were carefully outlined in the reviser's notes, and fully considered by the Judiciary Committee of both houses.* . . .

• • • • •

"Because of the necessity of consolidating, simplifying and clarifying numerous component statutory enactments *no changes of law or policy will be presumed from changes of language in revision unless an intent to make such changes is clearly expressed.*

"*Mere changes of phraseology indicate no intent to work a change of meaning* but merely an effort to state in clear and simpler terms the original meaning of the statute revised.

"Congress recognized this rule by including in its reports the complete Reviser's Notes to each section in which are noted *all instances where change is intended and the reasons therefor.*" (Emphasis added)

The legislative history of the Act is replete with statements that all changes which were made were non-controversial and were clearly expressed and fully explained in the reviser's notes which

pendently,[12] the term "reside" denotes only domicile and, with respect to corporations, only the state of incorporation.

Because the term "reside" in subsections 1391(a) and (b) is employed in reference to *all* litigants, and denotes only domicile, Congress also passed the *general* corporate venue subsection 1391(c) which effectively *enlarges venue* under Sections 1391(a) and 1391(b) *as applied to corporations only* to a scope commensurate with the law as it existed when the 1948 revision of the Judicial Code was adopted. As stated by Chief Judge Phillips in *Ruth* v. *Eagle-Picher,* 225 F. 2d 572, 577 (10th Cir. 1955):

> "The phrase in subsection (c) of § 1391, 'in which it is incorporated or licensed to do business,' merely writes into the venue section the effect of the decision of the Supreme Court in *Neirbo Co.* v. *Bethlehem Shipbuilding Corp.,* 308 U.S. 165, 60 S. Ct. 153, 84 L. Ed. 167. The phrase in subsection (c) 'or is doing business', extends the philosophy of that case to the act of doing business."[13]

In other words, since the general venue provisions of Sections 1391(a) and 1391(b) did not reflect the law with respect to corporations as it existed in 1948,

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[12] As the decision in Stonite Co. v. Melvin Lloyd requires 1400(b) to be construed since 1400(b) is the "exclusive provision controlling venue in patent cases". See Sec. II C, *infra,* for a more detailed consideration of the Stonite case.

[13] For general venue purposes, the practical effect of the Neirbo decision was to subject a corporation to suit in any district in which it was licensed to do business. Contrary to the implication of the Court below in footnote 5 of its opinion (R. 9), Judge Phillips recognized that the Neirbo doctrine was slightly extended by Section 1391(c) but only to the act of doing business. This minor extension hardly constitutes "a sharp break with ancient formulae."

Congress also adopted the enlarged conception of corporate residence peculiar to Section 1391(c) to control venue in all types of corporate litigation not excepted by a special venue provision.

The cross-reference in the reviser's note on Section 1400(b) to the note on Section 1391 thus reflects a clear Congressional intent that the term "resides" in Section 1400(b) be construed to denote domicile just as the same term in Sections 1391(a) and (b) denotes domicile, and in reference to corporate litigants, to *embrace only the state of incorporation,*[14] as did the word "inhabitant" in the prior act.

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[14] The opinion of the Court below purports to find support in the cross-reference in the reviser's notes. After quoting first Section 1391(c) and secondly Section 1400(b), the opinion states (R. 6):

> "As was held with respect to earlier legislation, the second provision should control here . . . . Even so, that requires but the *insertion in it* of the definition of corporate residence from the first provision[1]—just as that definition is properly to be incorporated into other sections of the venue chapter, e.g. §§ 1392, 1393, 1395, 1396, 1397, 1400, etc." (emphasis added)

[1] "As the Reviser's Note to § 1400(b) indeed suggests, in pointing out the identity of 'resident' with 'inhabitant' of the former law and making a specific cross-reference to the like explanation in the Note to § 1391."

It is apparent that the Court below relies upon a distorted construction of the reviser's notes to support an interpretation of Section 1400(b) which defeats the intent of Congress and ignores the controlling precedent of this Court.

The Court below assumes too much in its assertion that the "definition" of corporate residence from Section 1391(c) is to be inserted into Section 1400(b) "just as that section is properly to be incorporated into other sections of the venue chapter, e.g., §§ 1392, 1393, 1395, 1396, 1397, 1400, etc."

In *United Merchants & Manufacturers Inc.* v. *United States*, 123 F. Supp. 435, 439 (M.D. Ga. 1954) in holding the provisions of

". . . In suits brought for the infringement of letters patent the circuit courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, *or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business.* If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought.'"[2] (Emphasis added)

The 1897 statute remained effective for more than half a century and was recodified as to venue as Section 1400(b) and as to process as Section 1694 of the 1948 Judicial Code, c. 646, 62 Stat. 869-994, June 25, 1948, 28 U.S. Code. The 1897 Act was acknowledged by this Court in the Stonite case, *supra,* to be the exclusive statute controlling venue in patent infringement suits as an exception to general venue provisions. Throughout the fifty years from 1897 to 1948, it was consistently and universally *held to prohibit suits in patent infringement cases against corporate defendants in a district in which the defendant was not incorporated and had not infringed but was merely doing business. Bowers* v. *Atlantic G. & P. Co.,* 104 Fed. 887 (C.C. N.Y. 1900); *Motoshaver Inc.* v. *Schick Dry Shaver,* 100 F. 2d 236 (9th Cir. 1938); *Bulldog Electric*

[2] The Act of 1897 was substantially re-enacted by Congress as Section 48 of the Judicial Code of March 3, 1911, c. 231, 36 Stat. 1100, 28 U.S.C. § 109 (1940).

*Products Co.* v. *Cole Electric Products Co.*, 134 F. 2d 545 (2d Cir. 1943); and *Blaw-Knox Co.* v. *Lederle*, 151 F. 2d 973 (6th Cir. 1945).

In the last judicial expression prior to the 1948 recodification, the Court of Appeals for the Sixth Circuit in *Blaw-Knox Co.* v. *Lederle* (1945), *supra*, held that venue was improperly laid in a patent infringement suit initiated in Ohio against a New Jersey corporation, stating (p. 974):

> "... Section 48 of the Judicial Code, 28 U.S.C.A. § 109, is held to be the sole provision governing the venue of patent infringement litigation. Stonite Products Co. v. Melvin Lloyd Co., 315 U.S. 561, 62 S. Ct. 780, 86 L. Ed. 1026. It provides that in patent infringement suits the district court shall have jurisdiction in the district in which the defendant is an inhabitant, or in any district in which the defendant shall have committed acts of infringement and have a regular and established place of business. The petitioner is not an inhabitant of the Northern District of Ohio, and while it may have an established place of business there, it is neither charged nor found to have committed acts of infringement in Ohio ..."

This, then, was the law exclusively controlling venue in patent infringement cases which the Congress recodified in the Act of 1948—a law foreclosing venue in patent cases, such as the one at bar, in a district where a corporate defendant is merely doing business but has *not* committed acts of infringement and is not incorporated.

The Court below has imputed to the Congress an intent to expunge as to corporations this half-century-old special patent venue law and to revert to the very law which, by the Act of 1897, it made expressly in-

applicable to patent cases because of the abuses engendered thereby. Congress, had it intended such a result, certainly would have given it extensive consideration and positive expression.

## II. THE RULES OF STATUTORY CONSTRUCTION ENFORCED BY THIS COURT REQUIRE A HOLDING THAT SECTION 1400(b) OF THE 1948 JUDICIAL CODE PRESERVES WITHOUT CHANGE THE MEANING AND APPLICATION OF THE PREDECESSOR SPECIAL PATENT VENUE STATUTE.

### A. THIS COURT REQUIRES THAT RECODIFIED STATUTES BE CONSTRUED TO PRESERVE WITHOUT CHANGE THE MEANING ATTRIBUTED TO THE PREDECESSOR STATUTE IN THE ABSENCE OF POSITIVELY EXPRESSED CONGRESSIONAL INTENT TO THE CONTRARY.

This Court has, without deviation, construed recodified statutes to have the same effect as the predecessor statute in the absence of positively expressed Congressional intent to the contrary.

In *Anderson* v. *Pacific Coast Steamship Co.*, 225 U.S. 187, 199, 32 S. Ct. 626 (1912), this Court stated:

> " . . . It will not be inferred that Congress, in revising and consolidating the laws, intended to change their effect, unless such intention is clearly expressed. *United States* v. *Ryder,* 110 U.S. 729, 740, 28 L. Ed. 308, 312, 4 S. Ct. Rep. 196; *United States* v. *LeBris,* 121 U.S. 278, 280, 30 L. Ed. 946, 7 S. Ct. Rep. 894; *Logan* v. *United States,* 144 U.S. 263, 302, 36 L. Ed. 429, 442, 12 S. Ct. Rep. 617; *United States* v. *Mason,* 218 U.S. 517, 525, 54 L. Ed. 1133, 1136, 31 S. Ct. Rep. 28."

The most recent expression by this Court of the above principle is found in *DeSylva* v. *Ballentine,* 351 U.S. 570, 579, 76 S. Ct. 974 (1956), as follows:

> ". . . What we are asked to do is to avoid, on policy grounds, an interpretation of the successor statute which embodies the policy of the earlier Act, a policy which Congress saw fit to effectuate at least until 1870, and which, if changed then, was changed without any discernible display of dissatisfaction with that policy . . . In view of this explicit prior legislation, this Court should not transfuse the successor statute with a gloss of its own choosing, especially where the choice between the alternative policies is as close as this one."

The legislative history of Section 1400(b) demonstrates a positive intent on the part of Congress *to preserve unchanged* the law controlling venue in patent cases.

**B. THE LEGISLATIVE HISTORY NOT ONLY NEGATES CONGRESSIONAL INTENT TO MODIFY THE PREDECESSOR SPECIAL PATENT VENUE PROVISIONS BUT REFLECTS CLEAR CONGRESSIONAL INTENT TO PRESERVE IN SECTION 1400(b) THE PREDECESSOR PROVISIONS.[3]**

The issue in this case is one of statutory construction of Section 1400(b) to give effect to the intent of Congress. Since this Court may use every available aid in determining the intent of Congress, reference to the legislative history of the Act is eminently proper.[4]

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[3] A convenient source of the legislative history is the special compilation in U.S. Code, Cong. Serv., Special Pamphlet, 80th Cong., 2d Sess., 1487-2174 (1948).

[4] As this Court stated in *Harrison* v. *Northern Trust Co.*, 317 U.S. 476, 479, 63 S. Ct. 361 (1943):

> "But words are inexact tools at best, and for that reason there is wisely no rule of law forbidding resort to explanatory legislative history no matter how 'clear the words may

edged as such. The reviser's note on Section 1400(b) reads in pertinent part as follows:

(1) "Section consolidates section 35 of title 17, U.S.C., 1940 ed., with part of section 109 of title 28, U.S.C., 1940 ed., with necessary changes in phraseology.

(2) "Subsection (b) is based on section 109 of title 28 U.S.C., 1940 ed., with the following changes:

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were appended to and made a part of the House Judiciary Committee Report on the Bill which states:

> "The reviser's notes are keyed to sections of the revision and *explain in detail every change* made in text. References to court decisions are supplied wherever necessary or appropriate." (U.S. Code, Cong. Serv., Special Pamphlet, 80th Cong., 2d Sess. 1699 (1948).) (Emphasis added)

With respect to venue provisions, the House Judiciary Committee Report states:

> "So also, *minor* changes were made in the provisions regulating the venue of district courts in order to clarify ambiguities or to reconcile conflicts. *These are reflected in the Reviser's notes under sections 1391-1406.*" (Id. at p. 1697) (Emphasis added)

The Senate Judiciary Committee Report further emphasizes the fact that changes were minimized and fully identified in the reviser's notes as follows:

> "Many non-controversial improvements have been effected which, while individually small in themselves, add up to a very substantial improvement in and modernization of the law relating to the Federal judiciary. At the same time great care has been exercised to make no changes in the existing law which would not meet with *substantially unanimous approval.*
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> • • • • •
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> " . . . Appended to the report are the reviser's notes to each section, together with accompanying tables. These *explain in great detail* the source of the law and the changes made in the course of the codification and revision." (Id. at p. 1676) (Emphasis added)

(3) "Words 'civil action' were substituted for 'suit', and words 'in law or in equity' after 'shall have jurisdiction' were deleted, in view of rule 2 of the Federal Rules of Civil Procedure.

(4) "Words in subsection (b) 'where the defendant resides' were substituted for 'of which the defendant is an inhabitant'. A corresponding change was made in subsection (a). Words 'inhabitant' and 'resident' as respects venue, are synonymous. (See Reviser's note under section 1391 of this title.)

(5) "Words 'whether a ~~person~~, partnership, or corporation' before 'has committed' were omitted as surplusage.

(6) "The provisions of section 109 of Title 28, U.S.C., 1940 ed., relating to process are incorporated in section 1694 of this title.'"[7]

Clearly, *no substantive change is reflected* in the modifications and phraseology acknowledged in the first three paragraphs of the reviser's note. Striking evidence of the intention of Congress *to maintain the prior law unchanged* is found in the fourth, fifth and sixth paragraphs of the note, which affirmatively indicate that the word 'resides' in Section 1400(b) has a scope in all respects coextensive with the word 'inhabitant' in the prior law and, as to corporations, denotes only the state of incorporation but does not embrace merely doing business.[8]

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[7] U.S. Code, Cong. Serv., Special Pamphlet, 80th Cong., 2d Sess. 1851 (1948).

[8] Other portions of the legislative history indicate that no change in patent venue was intended. Numerous witnesses testified, but no one referred to any change in patent venue. On the contrary, they emphasized that changes were minimized and that

a. THE REVISER'S NOTES ESTABLISH THAT THE TERM "RESIDES" IN SECTION 1400(b) AS APPLIED TO CORPORATE DEFENDANTS DENOTES ONLY THE STATE OF INCORPORATION AS DID THE WORD "INHABITANT" IN THE PREDECESSOR ACT BECAUSE "RESIDENT" AND "INHABITANT" ARE SYNONYMOUS FOR VENUE PURPOSES.

Section 1400(b) employs the phrase "where the defendant resides" in lieu of the phrase "of which the defendant is an inhabitant" which was employed in the prior statute.[9] The fourth paragraph of the pertinent reviser's note explains that no change was intended by this change in phraseology because the

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all changes were reflected in the reviser's notes. See the testimony of Representative Keogh (U.S. Code, Cong. Serv., Special Pamphlet, 80th Cong., 2d Sess. 1945, 1947 (1948), Judge Maris (Id. at p. 1959), Mr. Barron, Chief Reviser (Id. at p. 1964), and Professor Moore (Id. at p. 1969). Mr. Barron also stated in his article on the 1948 Judicial Code that all changes were "fully considered by the Judiciary Committee of both Houses". (See note 6, *supra*). It is strikingly significant that no consideration was given to a change in the law controlling venue in patent infringement actions.

[9] Section 48 of the 1911 Judicial Code, 28 U.S.C. § 109 (1926) read as follows:

> "In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district *of which the defendant is an inhabitant*, or in any district in which the defendant, whether a person, partnership or corporation, *shall have committed acts of infringement and have a regular and established place of business.* If such suit is brought in a district *of which the defendant is not an inhabitant*, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought." (Emphasis added)

> "Words 'inhabitant' and 'resident' as respects venue are synonymous"

for the reason that both words, as respects venue, have repeatedly and consistently been held to mean *domicile, and in regard to corporations, the state of incorporation only.*

This fact is demonstrated by the reference in the note under Section 1400(b) to a like note under Section 1391 (not 1391(c)) which in pertinent part states:

> "Word 'reside' was substituted for 'whereof he is an inhabitant' for clarity inasmuch as 'inhabitant' and 'resident' are synonymous. (See *Ex parte Shaw,* 1892, 12 S. Ct. 935, 145 U.S. 444, 36 L. Ed. 768; *Standard Stoker Co. Inc.* v. *Lower,* D.C. 1931, 46 F. 2d 678; *Edgewater Realty Co.* v. *Tennessee Coal, Iron & Ry. Co.,* D.C. 1943, 49 F. Supp. 807) . . ."[10]

Each of the cases cited in the foregoing quotation holds that the words "inhabitant" and "resident" in venue statutes as respects corporations embrace the state of incorporation only.

The word *"reside"* is embodied *only* in subsections (a) and (b) of Section 1391[11] where, just as in Section 1400(b), it is used in *generic* reference to *both corporate* and *non-corporate litigants.* In each of these subsections (a) and (b), when construed inde-

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[10] U.S. Code, Cong. Serv., Special Pamphlet, 80th Cong. 2d Sess. 1847 (1948).

[11] Sections 1391(a) and 1391(b) deal with venue generally in civil actions involving all classes of defendants including actions in which jurisdiction is founded wholly or in part on diversity, and replace sections 111 and 112 of the prior statute.

Neither in the reviser's notes, nor elsewhere, is there the slightest evidence of Congressional intent that the specific provisions of Section 1400(b) should be enlarged by the provisions of Section 1391(c) in the same manner as the general provisions of Sections 1391(a) and (b) are enlarged. Indeed, there is no indication of Congressional intent that Section 1391(c) should enlarge any of the exceptions contemplated by the special venue sections of the venue chapter.

b. THE EMASCULATION OF SECTION 1400(b) EFFECTED BY THE INTERPRETATION ADOPTED BY THE COURT BELOW DEFEATS THE INTENT OF CONGRESS AS POSITIVELY EXPRESSED IN THE REVISER'S NOTES.

Section 1400(b) provides that a suit for patent infringement may be brought in the judicial district

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Section 1391(c) inapplicable to Section 1402(a) controlling venue in suits against the United States, the Court stated:

> "This Court is of the opinion that Congress did not intend by Section 1391(c) to change the meaning of Section 1402(a) and that for the purposes of the latter section, a corporation still resides in the state of its incorporation."

The *United Merchants & Manufacturers* case demonstrates the havoc that can be wrought if the provisions of Section 1391(c) are mechanically read into each of the special venue sections of the venue chapter. If such provisions were made applicable to Section 1402(a), a corporation could sue the United States under Section 1402(a) in any state in which it is doing business. For a decision reaching this result, see *Southern Paperboard Corp.* v. *United States*, 127 F. Supp. 649 (1955). It was the rule prior to the passage of the 1948 Judicial Code that under the predecessor statute a corporation could sue the United States only in the state of its incorporation. *Reid Wrecking Co.* v. *United States*, 202 Fed. 314 (N.D. Ohio 1913). Congress would not have reversed this policy without extensive consideration and consultation with the Justice Department and a clear expression of intent so to do.

(a) where the defendant *resides,* or

(b) where the defendant has committed acts of infringement *and* has a regular and established place of business.

Interpretation of the word "resides" in the first alternative of Section 1400(b) to have the enlarged meaning peculiar to Section 1391(c) obviously renders the second alternative meaningless and redundant as regards corporate defendants. The anomalous result was highlighted by the Seventh Circuit Court in *O-O-Two Fire Equipment Co. v. Barnes,* 194 F. 2d 410, 413 (1952) by recasting Section 1400(b) to impose thereon the provisions of Section 1391(c), in which form it would read:

> "Any civil action *against a corporation* for patent infringement may be brought in the judicial district where the defendant resides, *to wit, in the judicial district in which it is incorporated or licensed to do business or is doing business,* or where the defendant has committed acts of infringement and has a regular and established place of business." (Court's emphasis)

In regard to corporate litigants, the first alternative of Section 1400(b) thus reconstituted becomes abortive as a venue *limitation* in view of Section 1391(c), and the second alternative becomes meaningless and surplusage, if not entirely contradictory of the first. If a corporation may be sued where it "is doing business", no purpose is served by the second venue alternative which reads "where the defendant has committed acts of infringement *and* has a regular and established place of business".[15]

[15] Moreover, the use in the first alternative of Section 1400(b) of the terminology "*the* judicial district where the defendant

Moreover, the decision of the Court below entails the incongruous construction of the term "defendant" in the *first* alternative of Section 1400(b) to *include corporations;* and in the *second* alternative, to *exclude corporations* and embrace *only* individuals and partnerships.

The Court below adopts the tactic of "confession and avoidance" in reference to the emasculation of Section 1400(b) implicit in its decision. The opinion in pertinent part states (R. 10):

> "We should notice a final argument occasionally made, that the construction supported by plaintiffs *will render the second alternative of § 1400(b) of no practical utility.* Having in mind the manner in which the new Code was prepared, as st' d above, it seems doubtful if any deduction of importance is to be drawn from the mere cir-

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resides" contemplates one judicial district where the defendant is domiciled. A corporation, of course, is domiciled only in the state in which it is incorporated. Districts outside of the state in which a corporate defendant in patent infringement cases is incorporated are, therefore, outside of the scope of the first alternative of Section 1400(b). Had a broader scope been intended, Congress could easily have said "any judicial district . . .". This Court, speaking through Mr. Justice Murphy, has held that "the" as used in statutes is a definite article. *Great Northern Ry. Co.* v. *United States,* 315 U.S. 262, 271 (1942).

Congress obviously intended to establish a venue rule of limited scope in the first alternative of Section 1400(b) and of enlarged scope in the second alternative. In the first alternative, venue is limited to the *one* district of the defendant's domicile. In the second alternative, venue is enlarged to include other districts where the defendant is merely doing business *provided* acts of infringement are committed within such districts. The explicit intent of Congress may not be perverted by resort to the general corporate provisions of Section 1391(c) to enlarge the scope of venue in patent infringement suits beyond the clear limits of either alternative of Section 1400(b).

cumstance of continuance of provisions useful in the earlier legislation, 28 U.S.C. former § 109; and no such deduction has been made with reference to the provision for venue of cases under the Jones Act, as we have seen. *But it is quite clear that this alternative provision does have a sphere of decided usefulness in litigation against non-corporate defendants, and some provision of this nature was imperative.*"[16] (Emphasis added)

The effect of its decision to arbitrarily *restrict* the practical application of the second alternative of Section 1400(b) to *non-corporate* defendants is thus tacitly acknowledged by the Court below. *But such restriction is squarely in the teeth of the intent of Congress, as positively reflected in the Reviser's Notes.*

The second alternative of the predecessor act, Section 48 of the 1911 Judicial Code, expressly *included* corporate defendants. That provision stated that a patent infringement suit could be brought—

"in any district in which the defendant, *whether a person, partnership, or corporation,* shall have committed acts of infringement and have a regular and established place of business." (Emphasis added)

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[16] The assertion that "it seems doubtful if any deduction of importance is to be drawn from the mere circumstance of continuance of provisions useful in the earlier legislation, 28 U.S.C. former § 109" ignores the rule of interpretation, repeatedly announced by this Court:

"It will not be inferred that Congress, in revising and consolidating the laws, intended to change their effect, unless such intention is clearly expressed." *Anderson* v. *Pacific Coast Steamship Co.* and other cases cited in Section II A hereof, supra, page 10.

The fourth paragraph of the reviser's notes pertinent to Section 1400(b) states that—

> "Words 'whether a person, partnership, or corporation' . . . were omitted as surplusage."

Thus, the intention of Congress *to insure the applicability and utility* of the second alternative in regard to *all classes of defendants, corporate or otherwise, was positively manifested.*

The only construction of the term "resides" as used in Section 1400(b) which imputes utility to that section in determining venue in patent infringement suits against corporations is that it denotes domicile and as to corporations, state of incorporation. This is the historic meaning of the patent venue section which Congress preserved in Section 1400(b).

c. Section 1694 Which Controls Service of Process in Patent Infringement Cases Demonstrates the Congressional Intent That the Word "Resides" in Section 1400(b) Shall Not Be Ascribed the Enlarged Scope Peculiar to Section 1391(c).

Both venue and service of process in patent infringement cases were controlled by a single Section 48 of the Act of 1911, 28 U.S.C. § 109 (1926). That portion of Section 48 relating specifically to venue in patent infringement cases became Section 1400(b) of the 1948 Act. That portion of Section 48 relating to service of process became Section 1694 of the 1948 Act.[17] It is not reasonable to urge that Congress

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[17] The final paragraph of the reviser's notes under Section 1400(b) states:

> "The provisions of section 109 of title 28, U.S.C., 1940 ed., relating to process are incorporated in section 1694 of this title."

changed the law of venue in patent cases and did not intend a similar change in regard to service of process, particularly since Sections 1400(b) and 1694 both stem from a single provision of the prior law. Clearly, Sections 1400(b) and 1694 must be construed together to achieve a harmonious result. Section 1694 provides as follows:

> "In a patent infringement action commenced in a district *where the defendant is not a resident but has a regular and established place of business,* service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business." (Emphasis added)

It is of controlling significance that Section 1694 explicitly recognizes that, for patent infringement cases, the mere *establishment of a place of business* in a district does not make the defendant a *resident* of such district. Insofar as corporate defendants are concerned, the clause "a district where the defendant is not a resident" in Section 1694 has precisely the same meaning as the equivalent clause in the predecessor statute, to wit: a district outside of the state in which the defendant is incorporated.

Consequently, when Sections 1400(b) and 1694 are read together—as they must be—it is self evident that the provisions of Section 1391(c) may not be imposed on Section 1400(b).

**2. The Clear and Express Acknowledgment in the Reviser's Notes of Substantive Change in Respect to Other Sections Emphasizes the Intent of Congress to Preserve the Antecedent Law Unchanged in Section 1400(b).**

The Court below emphasized the fact that some changes were made in the recodification of Title 28 which were substantive in nature. The reviser's notes, however, explicitly identify such changes. Hence, the fact that the notes negative intent to make a change in Section 1400(b) serves sharply to emphasize the intention to preserve the antecedent law unchanged as regards venue in patent infringement litigation.

Section 1404(a) considered by this Court in *Ex parte Collett,* 337 U.S. 55, 69 S. Ct. 944 (1949) represents still another change expressly recognized and explained by the reviser's notes. In that case, this Court stated (p. 57, 68):

> "The reviser's notes, which accompany each section of the Code, here read as follows: 'Subsection (a) was drafted in accordance with the doctrine of *forum non conveniens* permitting transfer to a more convenient forum, even though the venue is proper. As an example of the need of such a provision, see *Baltimore & Ohio R. Co.* v. *Kepner,* 1941, 314 U.S. 44, 62 S. Ct. 6, 86 L. Ed. 28, which was prosecuted under the Federal Employer's Liability Act in New York, although the accident occurred and the employee resided in Ohio. The new subsection requires the court to determine that the transfer is necessary for convenience of the parties and witnesses, and further, that it is in the interest of justice to do so. The precise issue before us is whether, despite these expressions, the law remains unchanged. Petitioner so contends.
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> * * * * *

> "The initial appearance of § 1404(a) was in the Second draft of the Code adopted by the meeting of May, 1945. Its text has remained unchanged. It was accompanied by a reviser's note, which recited that 'Subsection (a) is new.' It was drafted in accordance with a memorandum of Mar. 7, 1945, from the author of Moore's Federal Practice, stating that recognition should be given the doctrine of *forum non conveniens*. . . . The balance of that note was substantially the same as the present reviser's note; it expressly cited the Kepner case, an action under the Federal Employer's Liability Act, as demonstrating the need for § 1404(a). *And the reviser's notes were before the Congress at every subsequent legislative step.* (Court's emphasis)

In *Ex parte Collett,* this Court merely followed the intent of Congress in extending the doctrine of *forum non conveniens* to Section 6 of the Federal Employer's Liability Act.

The specious reasoning of the Court below is quite apparent from its reliance on the Collett decision which it asserts is "so analogous as to be authoritative here". In the first place, interpretation of Section 1400(b) by reference to a broad venue section runs counter to the rule of the Stonite case, *supra,* that the special patent venue section exclusively controls venue in patent cases. Moreover, *Ex parte Collett* is fundamentally distinguishable from the issue presented by the case at bar and hence clearly inapposite as recognized by the Court of Appeals for the Seventh Circuit in *C-O-Two Fire Equipment Co.* v. *Barnes,* 194 F. 2d 410, 414 (1952) as follows:

> "There the court was dealing with two sections, one which bestowed venue and the other which provided for transfer when venue was properly

> laid, and the latter did not 'limit or otherwise modify any right granted in' the former. Thus the Court gave effect to both provisions because they were not inconsistent and neither provision abridged any right contained in the other. In contrast, the two sections in the instant matter both relate to venue and they cannot be applied as intervenor would have us do, without making one section dependent upon the other and, as already shown, this would result for all practical purposes in the emasculation of Section 1400(b)."

In this case, the legislative history, as well as every other significant factor, inevitably points to the conclusion that the 50-year-old patent venue provision was re-enacted without any change in substance to foreclose patent infringement suits against corporate defendants in judicial districts where the defendant is not incorporated and has not infringed, but is merely doing business.

**C. THIS COURT REQUIRES THAT SPECIFIC STATUTORY PROVISIONS MUST PREVAIL OVER GENERAL STATUTORY PROVISIONS.**

It has been established that Section 1400(b) is the recodification of a *special* patent venue statute enacted by the Congress as an exception to general venue provisions to rectify the abuses engendered by the application of general venue provisions to patent infringement cases.

It is a basic rule of statutory construction, followed by this Court, that specific statutes prevail over general provisions which might otherwise be controlling. In *MacEvoy Co.* v. *United States,* 322 U.S. 102, 107 (1944), this Court stated:

> ". . . However inclusive may be the general language of a statute, it 'will not be held to apply to

> a matter specifically dealt with in another part of the same enactment . . . Specific terms prevail over the general in the same or another statute which otherwise might be controlling.' *Ginsberg & Sons* v. *Popkin,* 285 U.S. 204, 208."

In *Stonite Products Co.* v. *Melvin Lloyd Co.,* 315 U.S. 561, 62 S. Ct. 780 (1942), this fundamental rule was applied to the special patent venue statute. In the Stonite case, this Court observed (p. 561):

> "The only question presented for our determination is whether § 48 of the Judicial Code (28 U.S.C. § 109) is the sole provision governing the venue of patent infringement litigation, or whether that section is supplemented by § 52 of the Judicial Code (28 U.S.C. § 113)."[18]

The language of Section 52 was general and literally applied to "every suit not of a local nature". It was held that Section 48 was *"the exclusive provision controlling venue in patent infringement proceedings"*, and must be independently construed.[19]

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[18] (Sec. 52, Judicial Code; 28 U.S.C. § 113). "When a State contains more than one district, every suit not of a local nature, in the district court thereof, against a single defendant, inhabitant of such State, must be brought in the district where he resides; but if there are two or more defendants, residing in different districts of the State, it may be brought in either district, and a duplicate writ may be issued against the defendants, directed to the marshal of any other district in which any defendant resides . . . "

[19] In explanation of its ruling, the Court stated (p. 566):

> ". . . Respondents insist that Section 52 applies to patent infringement suits because it antedates Section 48, excludes from its purview only suits of a local nature, and is consistent with and complementary to Section 48 since it deals with the problem of venue in the geographical sense rather

The present case is controlled by the Stonite decision which forecloses emasculation of Section 1400(b) "*by insertion* in it of the definition of corporate residence" from Section 1391(c).[20]

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than in terms of specified classes of litigation. We cannot agree.

"Even assuming that R.S. § 740 covered patent litigation prior to the Act of 1897, we do not think that its application survived that Act, which was intended to define the exact limits of venue in patent infringement suits . . . ."

* * * * *

"The reenactment of the Act of 1897 as Section 48, and of R.S. §740 as Section 52 of the Judicial Code by the Act of March 3, 1911, c. 231, 36 Stat. 1100, 1101, is not indicative of any Congressional understanding that the two sections are complementary . . ."

[20] Numerous lower courts have applied the principle enunciated in the Stonite case to the construction of Section 1400(b).

In *Ackerman* v. *Hooks*, 183 F. 2d 11, 14 (3d Cir. 1950), the Court of Appeals held:

"The reviser's notes make it evident that today, 1400(b) stands in the same situation as did Section 109 at the time of the Stonite opinion in 1942 and that the Stonite case is just as much in point now as then."

In *Nachtman* v. *Jones & Laughlin Steel Corp.*, 90 F. Supp. 739, 740 (D. Col. 1950), the Court held:

"The Supreme Court in the case of *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561, 62 S. Ct. 780, 86 L. Ed. 1026, has held that the patent infringement venue statute was enacted by the Congress as an exception to the general venue statute and not that the two sections are complementary. While this decision was based on a prior Act, 29 U.S.C.A. Sec. 109, the basic principle enunciated therein remains the same under the present Code provision."

In *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Corp.*, 92 F. Supp. 16, 19 (S.D. Cal. 1950), affd. by equally divided Court, 344 U.S. 861 (1952), Judge Harrison held:

**D. THE RULE OF STATUTORY CONSTRUCTION ADOPTED BY THIS COURT IN LAWSON v. SUWANEE FRUIT & STEAMSHIP CO.[21] FORECLOSES THE IMPOSITION OF INCONGRUITIES ON SECTION 1400(b) IMPLICIT IN THE COURT OF APPEALS' CONSTRUCTON THEREOF.**

It is apparent that "insertion in" Section 1400(b) of the enlarged concept of residence peculiar to Section 1391(c) renders the patent venue statute wholly incongruous and defeats the purpose of Congress by effecting an obviously unintended, fundamental change in the law.

The ruling of this Court in *Lawson* v. *Suwanee Fruit & Steamship Co., supra,* is directly in point and forecloses the emasculation of Section 1400(b) effected by the Court below.

The Lawson case required a construction of the Longshoremen's and Harbor Workers' Compensation Act, 44 Stat. 1424, 33 U.S.C., § 901, *et. seq.* A general provision, Section 2, defines the term "disability" as used in the Act. A specific provision, Section 8(f)(1), of the same Act uses the identical term "disability". In that case, the Congressional intent, discernible from the language of the Act and the legislative history, plainly indicated that the term as used in the specific

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"In conformity with my conclusions I hold that Section 1391(c) is not complementary to Section 1400(b); that the word 'resides' in Section 1400(b) means the same as the word 'inhabitant' in the former Section 109, and that the interpretation placed upon said former Section 109 applies to its revision as set forth in the revised Section 1400(b). I believe the Stonite case is still the law and the fact that the defendant committed no acts of infringement in this district indicates to me that the venue is improper."

For other decisions, see footnote 25, *infra.*

[21] 336 U.S. 198, 69 S. Ct. 503 (1949).

provision had a meaning different from the meaning expressed in the general provision of the statute. Thus, the insertion in the specific section of the definition from the general section would do violence to the intended purpose of the specific provision. In the words of Mr. Justice Murphy, this Court, in spite of the fact that Section 2 expressed no exceptions to the application of the broad definition, held as follows (p. 201):

> "Statutory definitions control the meaning of statutory words, of course, in the usual case. But this is an unusual case. If we read the definition into § 8(f)(1) in a mechanical fashion, we create obvious incongruities in the language, and we destroy one of the major purposes of the second injury provision: . . . We have concluded that Congress would not have intended such a result."

So in this case, if the artificial extension of corporate residence of Section 1391(c) is read into Section 1400(b) in a mechanical fashion, obvious incongruities in language are created and a major purpose of the Act is destroyed. We cannot impute to the Congress an intention to create such an anomalous result.

Moreover, the circumstances of the instant case are even stronger than those of the Lawson case in compelling the conclusion that the specific provision of Section 1400(b) should not be modified by the conflicting general provision of Section 1391(c). In the Lawson case, the term "disability" was defined in the general definition section of the Act, and was expressly made applicable to the whole Act. In this case, Section 1391(c) states only that certain districts "*shall be regarded* as the residence" of a corporation, thus qualifying the general provisions of 1391(a) and

1391(b) of the general venue section as to which Section 1400(b) is an exception.

## III. THE CONSTRUCTION URGED BY PETITIONER IS HIGHLY PRACTICAL FOR THE CONVENIENT ADMINISTRATION OF JUSTICE AND EXPRESSES SOUND POLICY OF LONG STANDING.

Some of the more cogent reasons for the restriction of venue in patent infringement cases were well stated by Chief Judge Phillips speaking for the Tenth Circuit Court of Appeals in *Ruth* v. *Eagle-Picher Co.*, 225 F. 2d 572, 577 (10th Cir. 1955) as follows:

> "The patent venue statute, as construed in Stonite Products Co. v. Melvin Lloyd Co., 315 U.S. 561, 62 S. Ct. 780, 86 L. Ed. 1026, reflected a sound policy of long standing. It was based on considerations of practicality and convenience in such litigation. A patent infringement action involves a peculiar combination of science or technology and law. In the ascertainment of the pertinent technical facts, it is important that the trial judge have first-hand visual and audible knowledge of the conditions, the environment and the art itself and the testimony of the most competent witnesses. Practicality and convenience are best served when the case is prosecuted where the alleged acts of infringement occur and the defendant has a regular and established place of business.
>
> "An intention on the part of Congress to depart from that policy should not be lightly inferred."[22]

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[22] For other decisions wherein the courts referred to the importance of inspection of the machinery involved, either by court or counsel or both, see *H. H. Miller Industries Co.* v. *Emery Thompson Machinery & Supply Co.*, 28 F. 2d 420, 422 (S.D. N.Y. 1928); *Rowell* v. *William Kochl Co.*, 194 Fed. 446 (W.D. N.Y. 1912); *Consolidated Window G. Co.* v. *Window G. Mach. Co.*, 261 Fed. 362, 365 (3d Cir. 1919); *Cowles Co.* v. *Frost White Paper Mills*, 77 F. Supp. 124, 130 (S.D. N.Y. 1948).

The special patent venue statute also prevents infringement suits calculated to harass defendants in inconvenient locations but justified on technical venue grounds. The Statute prevents the overloading of courts in metropolitan areas wherein corporations, at most, maintain a naked place of business. By limiting venue, it diminishes the perpetuation of patent litigation and undue harassment of the courts by multiple suits against others in additional jurisdictions after the patent has once been adjudicated. It minimizes the practice of venue shopping patent owners seeking to bring suits in jurisdictions deemed more likely to view favorably the validity of their patents.

Such practical considerations led Congress to first enact in 1897 and reenact in 1948 the special statute providing an exception for venue in patent infringement suits. That statute requires that corporations be sued *where the wrong occurred* or in the state of their incorporation, and has worked satisfactorily for over half a century to remedy evils prevailing under earlier general venue provisions. It has served to afford to patentees an adequate opportunity to assert their rights. The construction of Section 1400(b) adopted by the Court of Appeals emasculates the language and destroys the real purpose of the special patent venue statute.

The Court below in justifying its conclusion that the 1948 Judicial Code drastically changed the law with respect to venue in patent infringement cases stated (R. 9):

> "the rational of this sharp break with ancient formulae is quite obviously a response to a general conviction that it was 'intolerable if the traditional concepts of "residence" and "presence"

kept a corporation from being sued wherever *it was creating liabilities'.*"[23] (Emphasis added)

Here, the Court of Appeals has merely stated the reason for the rule in the case of *Neirbo* v. *Bethlehem Shipbuilding Corp.*, 308 U.S. 165, 60 S. Ct. 153 (1939). It has justified the existence of Section 1391(c) which permits corporations to be sued where they are creating liabilities. Section 1400(b), construed as petitioner urges, is consistent with this policy and permits corporations to be sued in districts *where they are creating liabilities,* to wit, committing acts of infringement, but wisely limits venue to such jurisdictions with the single exception that a corporation may always be sued at its domicile.[24] Thus, the decision of the Court of Appeals which permits suits against corporations where they are *not* creating liabilities, flies in the teeth of its own statement of policy.

Section 1400(b) construed as petitioner contends, continues a long-standing policy, born of experience and preserved by this Court in the *Stonite* case. The lower court has imputed to Congress, in its recodification of the Judicial Code in 1948, an unexpressed intent to destroy a cornerstone of the law which it sought to codify.[25]

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[23] In a patent infringement case, liability is created where the infringement occurs.

[24] Contrary to the assertion of the Court below in footnote 7 of its opinion (R. 10), the concept making the place of the wrong important is not new in Section 1400(b). This concept was embraced by the first special patent venue statute in 1897.

[25] The Courts of Appeals of two circuits have held, in accordance with petitioner's contention, that Section 1400(b) is an inde-

(Continued on page 36.)

## IV. CONCLUSION

The District Court correctly dismissed the complaint for want of venue. The Court of Appeals committed

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pendent section which is not modified by the provisions of Section 1391(c) relating to corporate venue generally.

*Ruth* v. *Eagle-Picher Co.*, 225 F. 2d 572 (10th Cir. 1955); *C-O-Two Fire Equipment Co.* v. *Barnes*, 194 F. 2d 410 (7th Cir. 1952), aff'd. by equally divided court 344 U.S. 861 (1952); See also *Ackerman* v. *Hook*, 183 F. 2d 11 (3d Cir. 1950). The Fifth Circuit Court of Appeals shares the contrary view of the Court below. *Dalton* v. *Shakespeare Co.*, 196 F. 2d 469 (5th Cir. 1952); *Guiberson* v. *Garrett*, 205 F. 2d 660 (5th Cir. 1953).

Further, the overwhelming majority of district courts which have considered the question at bar, including the district court below, have supported the construction urged by petitioner.

*Arkay Infants Wear Inc.* v. *Kline's Inc.*, 85 F. Supp. 98 (W.D. Mo. 1949); *Curtis* v. *Madovoy*, 84 F. Supp. 637 (E.D. N.Y. 1949); *Fischer* v. *Karl*, 84 F. Supp. 53 (E.D. N.Y. 1949); *Gulf Research & Development Co.* v. *Schlumberger Well Surveying Co.*, 92 F. Supp. 16 (1950), aff'd. by equally divided court 344 U.S. 861 (1952); *Nachtman* v. *Jones & Laughlin Steel Corp.*, 90 F. Supp. 739 (D.C. D.C. 1950); *Rava* v. *Westinghouse Electric Corp.*, 90 F. Supp. 707 (S.D. N.Y. 1950); *Federal Electric Products Co.* v. *Frank Adams Electric Co.*, 100 F. Supp. 8 (S.D. N.Y. 1951); *Pierce* v. *Perlite Aggregates*, 110 F. Supp. 684 (N.D. Cal. 1952); *Ronson Art Metal Works* v. *Brown & Bigelow Inc.*, 104 F. Supp. 716 (S.D. N.Y. 1952); *Transmirra Products Corp.* v. *Magnavox Co.*, 110 F. Supp. 676 (S.D. N.Y. 1953); *Clayton* v. *Swift & Co.*, 132 F. Supp. 154 (E.D. Va. 1955); *Jones* v. *R.C.A.*, 129 F. Supp. 440 (S.D. N.Y. 1955); *Otto* v. *Koppers Co.*, 134 F. Supp. 886 (N.D. W.Va. 1955); *Fairhope Fabrics Inc.* v. *Mohawk Carpet Mills*, 140 F. Supp. 313 (D. Mass. 1956); *Kamkap Inc.* v. *Worldsbest Industries*, 140 F. Supp. 854 (S.D. N.Y. 1956). The contrary view was held in *Denis* v. *Perfect Parts*, 142 F. Supp. 259 (D. Mass. 1956) and *Farr Co.* v. *Gratiot*, 92 F. Supp. 320 (S.D. Cal. 1950). It is significant that in the subsequent California case of *Pierce* v. *Perlite Aggregates*, *supra*, Judge Lemmon, now on the Ninth Circuit Court of Appeals, adopted the construction urged by petitioner.

reversible error in holding that venue was proper, which holding it is respectfully urged this Court should reverse.

Respectfully submitted,

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## APPENDIX A

(Portions of Title 28, U.S. Code, (1948))

Section 1391: Venue Generally.

"(a) A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside.

"(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, except as otherwise provided by law.

"(c) A corporation may be sued in any judicial district in which is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

"(d) An alien may be sued in any district". (June 25, 1948, c. 646, 62 Stat. 935.)

Section 1400: Patents and Copyrights.

"(a) Civil actions, suits, or proceedings arising under any Act of Congress relating to copyrights may be instituted in the district in which the defendant or his agent resides or may be found.

"(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides or where defendant has committed acts of infringement and has a regular and established place of business". (June 25, 1948, c. 646, 62 Stat. 936.)

Section 1694: Patent Infringement Action.

"In a patent infringement action commenced in a district where the defendant is not a resident but has a regular and established place of business, service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business". (June 25, 1948, c. 646, 62 Stat. 945.)